

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /086 W

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R 072138Z APR 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 9831

INFO AMSBBASSY SANTO DOMINGO 192

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E.O. 11652: GDS

TAGS: ETRD, EAGR, CS

SUBJECT: SUGAR: LATIN AMERICAN PRODUCERS MEETING AT
PUERTO PLATA

REF: STATE 061168

1. EMBASSY DECIDED THAT BEST APPROACH IN MAKING POINTS IN REFTEL FIRST WOULD BE TO APPROACH MIDDLE LEVEL OFFICIAL RESPONSIBLE FOR SUGAR MARKETING AND ALSO AN INFLUENTIAL SUGAR INDUSTRY LEADER TO SEE WHAT REACTION WAS AT THAT LEVEL TO POINTS IN REFTEL. IT WAS DECIDED THAT AGATT WOULD BRING UP POINTS DURING ROUTINE PERIODIC CALLS ON THE OFFICIALS.

2. QUESTION OF PURPOSE OF PUERTO PLATA MEETING WAS RAISED WITH ARTURO GARCIA G., EXECUTIVE SECRETARY, LIGA AGRICOLA INDUSTRIAL DE LA CAJA DE AZUCAR (QUASI-GOVERNMENT MARKETING MONOPOLY) DURING DISCUSSIONS OF WORLD SUGAR OUTLOOK. HE SAID THAT GOCR DELEGATION TO BE LED BY ALVARO JENKINS, PRESIDENT OF LIGA DE AZUCAR, AND WILL INCLUDE HIMSELF AND DOMINGO GARCIA

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ALSO OF LIGA. GARCIA SAID THAT STATED PURPOSE IS

INTERCHANGE OF STATISTICS AND DISCUSSIONS OF EXPORT PROSPECTS. PERSONALLY, HE BELIEVES THAT DISCUSSIONS WILL ALSO CENTER ON SOLIDIFYING LA EXPORTING MEMBERS INTO A UNIFIED BLOC WITH THE OBJECTIVE OF STIMULATING AN INTERNATIONAL SUGAR AGREEMENT WITH CONSUMING COUNTRIES. GARCIA STRESSED THAT AGREEMENT SHOULD HAVE PROVISION OF MINIMUM PRICES AIMED AT REASONABLY COVERING COST OF PRODUCTION. HE SAID THAT HE WOULD MAKE THIS POSITION KNOWN TO APPROPRIATE OFFICIALS. WHEN ASKED WHAT HE VIEWED AS A REASONABLE MINIMUM PRICE LEVEL, HE SAID \$15 TO \$16 PER CWT. HE THEN WENT ON TO VOLUNTARILY POINT OUT THAT IF PRICES ARE MAINTAINED TOO HIGH RESULTS WOULD BE (1) INCREASED PRODUCTION IN CONSUMING COUNTRIES (2) DECREASED CONSUMPTION AND (3) INCREASED USE OF SUBSTITUTES. HE EXPRESSED THESE AS HIS OPINIONS AND ASKED THAT CONFIDENTIALITY BE MAINTAINED ON POSSIBILITY OF TALKS ON SOLIDIFYING LA PRODUCERS BLOC.

3. WHEN POINTED OUT TO GARCIA THAT U.S. CONGRESS AND GENERAL PUBLIC SENSITIVE TO TALK ABOUT CARTEL-LIKE ORGANIZATIONS, HE SEEMED TO BE FULLY AWARE OF THIS AND HOPED THAT TALK OF MINIMUM PRICES TO COVER COST OF PRODUCTION WOULD BE ACCEPTABLE TO CONSUMING COUNTRIES ESPECIALLY SINCE MOST MAJOR CONSUMING COUNTRIES ARE ALSO PRODUCERS OF SUGAR. GARCIA WAS ALSO AWARE THAT SUGAR HEARINGS ARE ABOUT TO COMMENCE IN HOUSE ALTHOUGH HE INTERPRETED THEM AS LEADING TO NEW SUGAR ACT.

4. CALL ALSO MADE ON MANUEL JIMENEZ DE LA GUARDIA, PRESIDENT OF CAMARA DE AZUCAREROS (MILLER ASSOCIATION). WHEN SUBJECT OF PUERTO PLATA MEETING BROUGHT UP, HE SAID THAT HE WAS WORRIED ABOUT COSTA RICA'S DELEGATIONS ABILITY FOR DEALING WITH "HOT HEADS" LIKE MEXICO AND CUBA AND ISSUES SUCH AS "PRODUCERS' ORGANIZATIONS". HE LISTED SAME DELEGATION AS GARCIA BUT SAID THAT SPOT FOR GOCR OFFICIAL REMAINS TO BE FILLED. JIMENEZ DE LA GUARDIA SAID THAT HE WOULD DISCUSS POSSIBLE GOCR OFFICIAL FOR THIS SPOT WITH VICE PRESIDENT CASTILLO WHEN HE RETURNS LIMITED OFFICIAL USE

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FROM VENEZUELA, AS HE HOPES THAT A SEASONED OFFICIAL WHO IS NOT INCLINED TO BE SWAYED BY HOT HEADS WILL BE NAMED.

5. WHEN POINT OF POSSIBLE U.S. RESISTANCE TO CARTEL-LIKE ORGANIZATIONS RAISED, HE PASSED IT OFF AS AN ASSUMED FACT NEEDING NO ADDITIONAL COMMENTS AND INDICATED SUPPORT FOR THE U.S. POSITION. HE ALSO FELT THAT DOMINICAN REPUBLIC AND BRAZIL WOULD STRONGLY OPPOSE

PRODUCERS' ORGANIZATION. JIMENEZ DE LA GUARDIA
RAISED UPCOMING HOUSE HEARING ON SUGAR AND ALSO FELT
THAT A NEW SUGAR ACT WAS PURPOSE OF HEARING. HE
INDICATED THAT HE HAD INFORMATION THAT SOME OF THE
CONGRESSMEN WHO RESISTED RENEWAL OF ACT IN 1974
NOW WOULD FAVOR IT.
TODMAN

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